

**International Digitization Conference**

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# **THE DIGITIZATION OF CULTURAL CONTENTS**

## **AN INVESTMENT FOR THE FUTURE**

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# THE DIGITIZATION OF CULTURAL CONTENTS

## An investment for the future

### I. The “Investment for the future” program

- Objectives and principles
- Examples of selected projects in the cultural field
- The “Centre Pompidou Virtuel”

### II. Cultural industries in the digital age: challenges for public policies

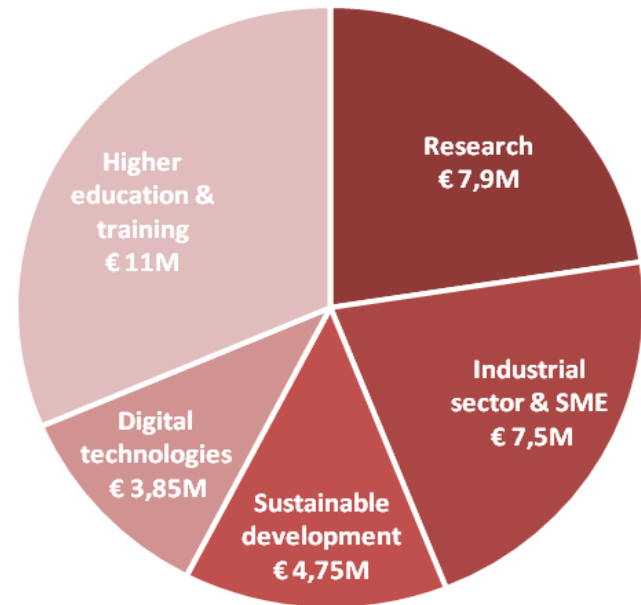
- Context
- Some identified challenges and proposals
- Next steps



## INVESTMENTS FOR THE FUTURE (I)

- A major programme launched at the end of 2009 as part of a governmental initiative to reinforce long-term French competitiveness
- Programme initially financed by a 2009 € 35bn “national loan” spending plan intended to prepare the post-crisis recovery
- Investments allocated according to the governmental crisis-exit strategy, distributed among several industries

### Initial indicative allocations of the € 35bn budget for the 5 priority sectors covered by the programme





# INVESTMENTS FOR THE FUTURE (II)

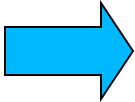


## WHY? Anticipate the post-crisis recovery

- A strategic approach to ensure long-term competitiveness of the French economy
- An exceptional, substantial investment to prepare the grounds for the post-crisis recovery
- Priorities granted to three development axis : housing, energy transition and digital transition
- An investment for the future, not a public expenditure: a documented return on investment is a prerequisite to any investment decision

## HOW? 10 public operators

- The programme is implemented by 10 government operators, among which the *Caisse des Dépôts Group*
- Conventions signed between the State and these operators, committing to a strict corporate governance, based on systematic assessments and profitability requirements



President François Hollande has announced in early 2013 that the programme will be extended further



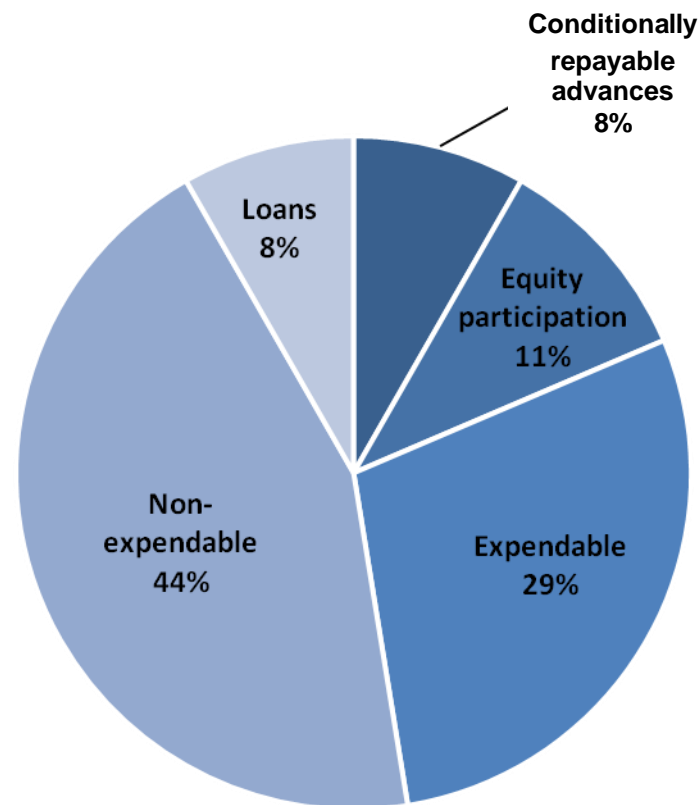
# AN INVESTMENT WITH DISTINCTIVE CHARACTERISTICS

## Asset building:

- Non-expendable endowments + loan + equity = € 22bn (63% of the overall € 35bn)
- Expendable endowments with return on investment targets: royalties, fees = € 13bn (37% of the overall € 35bn)

## Expected leverage effect:

- Co-funding (private funding, local authorities, ...) to carry out a total investment amounting to € 60bn
- Co-investments with private investors and banks should allow a leverage effect of 1 to 2



**Distribution of funds**



# THE « DIGITAL ECONOMY » PROGRAMME (I)

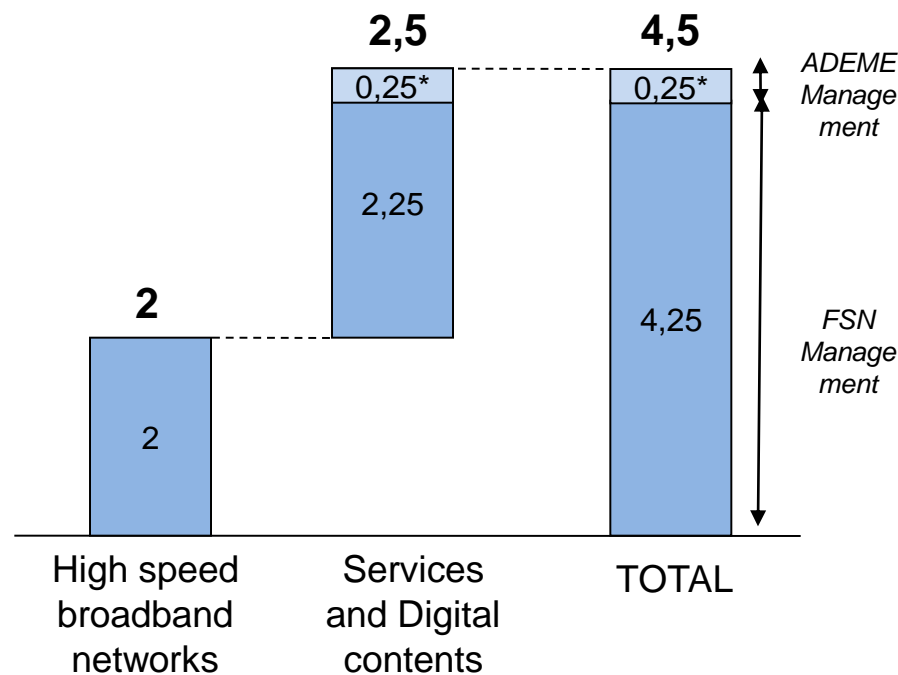
## Two strategic objectives:

- Accelerate the deployment of high-speed broadband networks across the country
- Support the development of new services, innovative digital contents and their application

## Implementation:

- Priority put on projects with the greatest impact in terms of creating economic activity, employment and territorial development, as well as those maximising the ROI for the government
- Implementation by the National Fund for a Digital Society - “*Fonds pour la société numérique*” (FSN)

## Investments for the Future “Digital economy” Programme Budget forecast (in € bn)



\* « Smart Grids » investments managed by the ADEME



# THE « DIGITAL ECONOMY » PROGRAMME (II)

## Types of intervention and indicative breakdown

**National Fund  
for a Digital Society (FSN)  
« Services and  
Digital Contents » Section**

**€ 2 250 M**

### Investments

**~€1400M**

- Funding of projects in the digital sector as a “market investor” (equity, quasi-equity, loans...)
- With regard to priority thematic, the government launched a Call for Expression of Interest - “*Appel à manifestation d'intérêt*” (AMI)
- Common investment fund in the form of equity or quasi-equity investments aimed at SMEs operating in the digital sector

### State Aids

**~€850M**

- Public support in the form of grants or repayable advances (with profit-sharing)
- Thematic calls for projects supporting R&D



# R&D PROJECTS HELPED WITHIN THE DIGITAL ECONOMY PROGRAMME (I)

## 2 calls for projects

Two Call for Projects (CFPs) in the frame of "Technologies for digital content"

- CFP #1 launched in late 2010 dedicated to the digitization and development of cultural, scientific and educational contents
- 18 projects selected (out of 73 applications), amounts ranging between € 587.000 and € 7.6M from a total budget of € 32.5M
- CFP #2 launched in late 2011 aims to support R&D projects in broadcasting, movies, music, photography, press and video game technologies
- 16 projects selected (out of 39 applications) were short-listed by the Committee in 2012 for a total budget of € 23.1M





# R&D PROJECTS HELPED WITHIN THE DIGITAL ECONOMY PROGRAMME (II)

## Examples of cultural projects selected



€ 7M  
incl. € 3M from FSN

- Aims at creating an interoperating and international infrastructure to distribute digital content with a new distribution model of digital writing based on:
  - Open source: standards are public
  - Interoperability of digital rights. It is no longer files that circulate among the players concerned but digital copyright (cf. cloud computing)
- 18 partners from the book industry and new technologies sectors to establish technical and economic proof concept

**DYNARCHI**

€ 2.3M  
incl. € 0.8M from FSN

"DYNamic ARCHItecture for movies, documentaries & films Archiving"

Main deliverables:

- A digital archiving and storage pipeline for legacy and fresh films
- A web application dedicated to independent producers for film cataloguing and post-production jobs supervision

24 months duration, started Nov. 2012

4 industrial partners, 3 major cinema producers



# SELECTED INVESTMENT PROJECTS

## Examples of cultural projects (I)



€ 15,12M project  
incl. € 10M brought by FSN

Equity participation

Digitization of films in the Gaumont catalogue : 270 films digitized in a four-year period, with a 15 years exploitation plan



€ 15,85M project  
incl. € 10.6M brought by FSN

Loan, budgetary contribution  
(50-50)

Digitization and marketing by 2017 of public and private audiovisual collections



# SELECTED INVESTMENT PROJECTS

## Examples of cultural projects (II)



€ 13.5M project  
incl. € 10M brought by FSN

Budgetary contribution

Digitization of 4 collections of the  
*Bibliothèque nationale de France*  
(books, music and press)

Involves 4 private partners  
selected after public calls for  
tender



€ 12M project  
incl. € 8M brought by FSN

Budgetary contribution, loan (50-50)

“Virtual Pompidou Museum” project  
(“*Centre Pompidou virtuel*”), a  
virtual resources centre allowing  
online access to all contents and  
artworks from the museum

- The Virtual Pompidou Centre opened to the public on October 4th, 2012
- A highly innovative cultural platform



- A virtual resources centre allowing online access to all contents produced by the Centre Pompidou (masterpieces from the art collections, library resources, archives, recordings, interviews...)
- Every media is represented on the platform, as a means to reflect the richness and diversity of the museum's cultural programming

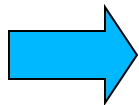


## CENTRE POMPIDOU VIRTUEL (II)

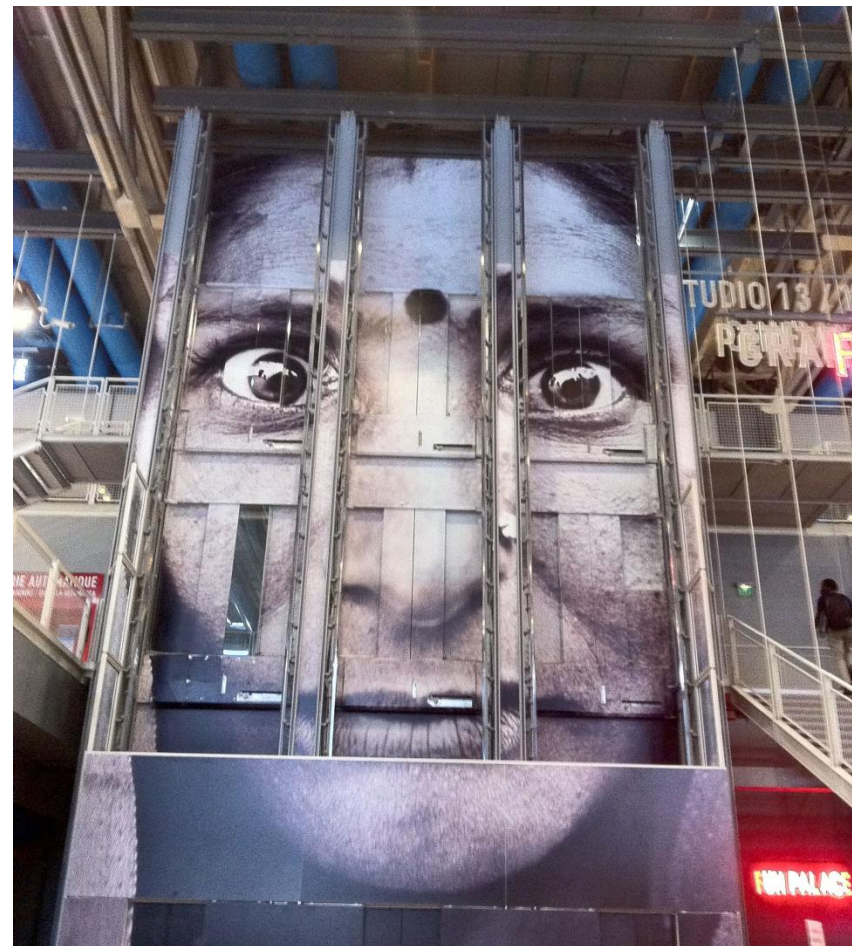
- The new « Virtual Pompidou Museum » website allows an effortless online access to a numerous collection of art-pieces, written works, as well as audio and visual archives
- The virtual collection contains 95.000 digital artworks from 6.000 artists – and their detailed biographies
- Ultimately, the project aims at the digitization and analysis of more than 76.000 additional pieces of art from the museum



**With this new proposal, the Pompidou Museum opens up to a much wider audience**



- Voluntarily, the Centre Pompidou's website does not offer a 360° virtual tour, because “*nothing can replace physical contact with the artwork*”
- Users can register from the home page, and create their own portfolio of artwork, conferences, interviews, musical archives...
- The website is to be enriched soon with user's contributions
- The website is 33% sponsored by Pernod Ricard
- The website welcomes an average ca. 400 000 visitors each month and should increase physical visits and e-shopping



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# A NEW AMBITION FOR CULTURE IN THE DIGITAL AGE

## Context

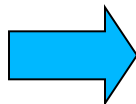
**A mission launched by the President of the Republic in the summer 2012**

Focused on cultural & creative industries in the digital era:

- A large and systematic documentation and expertise of the situation and challenges for these industries
- A review of public policies in these fields
- Analysing citizens' and stakeholders' expectations, bottlenecks, strengths and weaknesses, needs for public policies overhaul



**Report handed to the President of the Republic and the Minister for Culture and Communication in May 2013**



**80 proposals to the Government**



# A NEW AMBITION FOR CULTURE IN THE DIGITAL AGE

## Proposals & recommendations (I)

**culture-acte2**

### Continue efforts towards digitization

- Continue "Investments d'avenir" PPP model for projects
- Foster *ad hoc* financial instruments (loan guarantees) - including Creative Europe and national specialised institutions such as IFCIC in France
- Use State Aid schemes for non-commercial catalogues

### Refocus actions against piracy

- Reinforce proportionality of explanatory action regarding P2P illegal filesharing
- Adopt "Follow the money" approach against rogue sites

### Take corrective measures regarding the value transfer

- Set up a low rate, wide range contribution on connected devices
- Use collected funds to support structural adaptations of cultural and creative industries to digital, including metadata projects

# A NEW AMBITION FOR CULTURE IN THE DIGITAL AGE

## Proposals & recommendations (II)

### Tackle value-sharing issues within the (music) value chain

- Organise structured discussion amongst stakeholders
- If necessary, consider setting up a mandatory collective management scheme for online neighbouring rights

**culture-acte2**

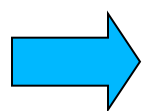
### Evaluate potential adaptations of copyright

- Transformative creation (mashup, remixes)
- Situation of impaired persons, libraries, teaching institutions

### Overhaul the Audiovisual Media Services Directive

- Extend scope to distributors of non-linear AVMS
- Reverse country of origin principle for online services

### Revise EU VAT directive so as to adopt technology neutral VAT rates



**Keep policy space for the future audiovisual & cultural EU policies**

# THANK YOU FOR YOUR ATTENTION!

**For more information:**

***[www.culturecommunication.gouv.fr/index.php/Actualites/Missions-et-rapports/Rapport-de-la-Mission-Acte-II-de-l-exception-culturelle-Contribution-aux-politiques-culturelles-a-l-ere-numerique](http://www.culturecommunication.gouv.fr/index.php/Actualites/Missions-et-rapports/Rapport-de-la-Mission-Acte-II-de-l-exception-culturelle-Contribution-aux-politiques-culturelles-a-l-ere-numerique)***

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